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# Standing Committee on the Legislative Assembly

## Report on Allegation of Conflict of Interest Concerning René Fontaine, M.P.P.

2nd Session 33rd Parliament  
35 Elizabeth II



STANDING COMMITTEE ON  
THE LEGISLATIVE ASSEMBLY



COMITÉ PERMANENT DE  
L'ASSEMBLÉE LÉGISLATIVE

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LEGISLATIVE ASSEMBLY  
ASSEMBLÉE LÉGISLATIVE

TORONTO, ONTARIO  
M7A 1A2

The Honourable Hugh Edighoffer, M.P.P.,  
Speaker of the Legislative Assembly.

Sir,

Your Standing Committee on the Legislative Assembly has the honour to present  
its Report and commends it to the House.

Michael J. Breagh, M.P.P.  
Chairman

Queen's Park  
September 1986



## **STANDING COMMITTEE ON THE LEGISLATIVE ASSEMBLY**

The following is a list of members who participated in the hearings on the matter of René Fontaine's compliance with the conflict of interest guidelines:

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**ELIE W. MARTEL**

**MAURICE BOSSY**

**GILLES E. MORIN**

**ANDREW S. BRANDT \***

**BERNARD NEWMAN**

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**PHIL GILLIES \***

**NORMAN W. STERLING**

**CHRISTINE HART \***

**RICHARD L. TRELEAVEN**

**FLOYD LAUGHREN**

**NOBLE VILLENEUVE \***

**REMO MANCINI**

**DAVID W. WARNER \***

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\* Substitute Members



"My sole purpose, from the day I was elected an MPP, was to serve the people of my riding, and in my capacity as Minister of Northern Development and Mines, to serve the people of this province . . . . My motives were honourable but I see now that my actions could have been interpreted differently by some."

René Fontaine, MPP  
September 19, 1986



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## INTRODUCTION

On July 2, 1986, the House made an Order of Reference:

That the matter of René Fontaine's compliance with the conflict of interest guidelines be referred to the Standing Committee on the Legislative Assembly for review and report to the Assembly without delay.<sup>1</sup>

Your Committee took up its Order of Reference on July 21, 1986 when the Committee decided to conduct public hearings in the matter between July 21, 1986 to September 19, 1986. The Committee met to deliberate the matter on September 22, 23 and 24.

The Committee wishes to thank all the witnesses who appeared before it to give their testimony, as well as the staff of the Ministries of Natural Resources and Northern Development and Mines for their assistance in briefing the Committee on matters relating to the Committee's Order of Reference.<sup>2</sup>

At this point, the Committee wishes to thank the staff of the Committee, Lynn Mellor, Clerk of the Committee, John Eichmanis and Merike Madisso, Research Officers for their diligent work providing the Committee with requested documentation and assisting the Committee on procedural and research matters.

The Committee determined that the 1972 Conflict of Interest Guidelines and the 1985 Conflict of Interest Guidelines would constitute the framework for its hearings and deliberations. In addition, sections 10, 11, and 12 of the Legislative Assembly Act would also be relevant to its inquiry.

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<sup>1</sup>See Appendix A for the Order of Reference.

<sup>2</sup>See Appendix B for a complete list of witnesses that appeared before the Committee.

Your Committee's report has been divided into three parts. The first part provides a summary of the alleged conflicts of interest as presented to the Committee on July 21, 1986 by Mr. Andy Brandt, MPP. This part also contains a summary of a statement by René Fontaine to the Committee on July 23, 1986. Part two is a summary of the relevant facts with respect to Mr. Fontaine's assets and holdings, as well as the disposition of those assets and other activities in relation to those assets and holdings by Mr. Fontaine. Conclusions of the Committee are contained in part three.

The conclusions of this report represent a consensus of opinion rather than complete agreement on every issue that was before the Committee. While each member of the Committee may not agree with every conclusion, your Committee is pleased to present a report that each member can support.

## PART I: THE OPENING STATEMENTS

### Mr. Brandt, MPP

On July 22, 1986, Mr. Brandt, M.P.P. for Sarnia appeared before the Committee as a witness to summarize the allegations of conflict of interest against Mr. Fontaine. Mr. Brandt stated that:

1. Mr. Fontaine did not disclose ownership of 17,172 shares of Golden Tiger.
2. Mr. Fontaine did not disclose his wife's ownership of 10,000 shares of Golden Tiger.
3. Mr. Fontaine did not disclose ownership of 5,000 shares of Villeneuve Resources, sold February 5, 1986.
4. Mr. Fontaine did not disclose ownership of 1,200 shares of Paladin Petroleum Corp., sold February 13, 1986.
5. Mr. Fontaine did not disclose ownership of 4,615 shares of Golden Tiger owned through United Sawmills [sic], one of his corporations.
6. Mr. Fontaine did not disclose, even in his statement of June 26, 1986, ownership of one voting share of Le Nord newspaper in Hearst, Ontario, held through his now-defunct company, Fontaine Lumber Co. Ltd.
7. Mr. Fontaine did not disclose the sum of \$50,000 owed to him by United Sawmill and Rene Fontaine Holdings Ltd.
8. Mr. Fontaine did not disclose the sum of \$13,000 owed to him by Evolution Hearst.

In addition to outlining these facts, Mr. Brandt raised a number of questions:

- Is it acceptable that the former member held on to more than 45,000 shares of a mining company doing business in Ontario after his appointment as Minister of Mines, regardless of the disclosure date set by the Premier?

- Is it acceptable that the former member used what appears to have been insider's knowledge to sell those shares in Golden Tiger almost six months after his appointment, and by doing so obtained considerable personal benefit from their sale in that the value and price of those shares more than doubled during that period of time?
- Is it appropriate that, according to the president of Golden Tiger, the former member as recently as a few weeks ago phoned the president of Golden Tiger and they discussed the prospect of Golden Tiger, while at the same time the former member was encouraging the Treasurer (Mr. Nixon) to institute tax breaks for small mining companies in Ontario?
- Is it appropriate behaviour for the former member to have declared, once he was a member of the executive council, that he would push the Minister of Natural Resources (Mr. Kerrio) to approve a forest management agreement that would directly benefit him and the companies he owns, whether in a blind trust or not?
- Is it appropriate behaviour for the former minister to reveal in an interview published July 2, 1986, a matter under discussion in cabinet, in apparent violation of his oath of allegiance and oath of member of the executive council? That oath states that any member of the council will "respect as secret all matters that may be discussed by the executive counsel in arriving at a decision of the council and not disclose outside the council any facts pertaining to such matters." In defiance of that oath, Mr. Fontaine told a reporter he resigned not only because of the conflict of interest charges laid against him but also because at a previous cabinet meeting the Premier removed consideration of the Hearst Forest Management Agreement from the agenda.
- Is it appropriate that the former member declared publicly, as reported by another newspaper, that he will not return to Queen's Park unless he gets his forest management agreement signed?

- Finally, Mr. Brandt quoted the last paragraph of the 1985 Conflict of Interest Guidelines, which states: "These Guidelines are not exhaustive, nor could they, in reality, embrace all possible situations representing or suggesting a conflict of interest."

Mr. Brandt raised two final matters: first, the former member did not resign from a number of directorships, again in apparent violation of the conflict of interest guidelines; and, secondly, he apparently violated Sections 10 and 11 of the Legislative Assembly Act.

Mr. Fontaine

On July 23, 1986 Mr. Fontaine appeared as a witness before the Committee and made a statement in which he offered explanations for certain matters.

- Mr. Fontaine and Mr. Gagne, Mr. Fontaine's accountant, met with Mary Eberts in late June 1986. During that meeting, Mr. Fontaine gave an oral list of his assets. Ms Eberts provided a copy of the disclosure questionnaire by June 24, 1986. Mr. Fontaine states that his wife's shares in Golden Tiger were 13,000 in number and his children's were 16,500.
- On September 23, 1985 Mr. Blenus Wright advised Mr. Fontaine that he had until December 31, 1985 to decide which assets to sell and which to put in a blind trust.
- Towards the end of November 1985, Ms Eberts advised Mr. Fontaine to sell his shares in Golden Tiger. Mr. Fontaine initiated the sale of the Golden Tiger shares in early December and asked that his wife's shares be transferred to their children. On July 3, 1986 the Fontaine children sold their shares.

- Mr. Fontaine stated that his Golden Tiger escrow shares (17,172 in number) could not be released because of Quebec Securities Commission regulations and an oral shareholders' agreement that gave control to Mr. Paul Martin, President of Golden Tiger. Mr. Fontaine in May 1986 sought to place his escrow shares with a charitable corporation - La Maison Renaissance de Rehabilitation.
- Mr. Fontaine stated that all other Golden Tiger shares he owned were sold by December 31, 1985.
- Mr. Fontaine also stated that as of July 23, 1986 he was still President of Kabu Exploration Corporation and owner of three shares of Kabu.
- After January 31, 1986, Mr. Fontaine discovered that he owned 20,000 shares of Wheeler Martin International Inc., which he has since sold.

Mr. Fontaine then took the opportunity of correcting some inaccuracies in his disclosure statement of January 31, 1986.

- Mr. Fontaine stated that he had not declared 6,000 shares in Danvers Resource Explorations Limited, and 500 shares in Kenartha Oil and Gas Company.
- Mrs. Fontaine owns 11 shares of Bell Canada Enterprises, may own one share of Radio de L'Epinette Noire, and owns one share in Cooperative Agricole de Hearst.
- Mr. Fontaine stated that on February 10, 1986 he wrote to Les Industries Nordex resigning his position as President.
- With respect to Le Panache, he indicated that in addition to the one common share he also owns 100 preferred shares.
- Mr. Fontaine also stated that he had failed to disclose that he owns one more parcel of land in the District of Cochrane.
- With respect to Le Nord newspaper, Mr. Fontaine stated that this share was owned by United Sawmill, which had been placed in a blind trust.

- Mr. Fontaine concluded: "If I was wrong:
  - (1) because I did not a year ago hire the team of lawyers that was necessary to unearth all the facts I put before the House on June 26th and this Committee today,
  - (2) because some of the advisors and lawyers I depended on may not have completely understood the nature of their tasks, so be it."

PART II: MR. FONTAINE'S ASSETSREAL ESTATE HOLDINGS

The relevant sections of the Conflict of Interest Guidelines dated September 1985 are:

All members of Cabinet will make public disclosure of the following categories of properties owned by them, in whole or in part, or by their spouses, or their minor children whether directly held by them, or indirectly through companies or nominees. First, all land owned in Ontario except property occupied for their own private residential or recreational use, or for the use of their dependents; second, all share or debt interests in private companies and land; third, all partnerships or proprietorships in which they are principals.

The Guidelines also state that the Minister's "land holdings will be made available for disclosure within a few days . . ."

In Mr. Fontaine's disclosure statement filed with the Clerk of the House on January 31, 1986, eight parcels of land are declared to be owned by Mr. Fontaine. On July 23, 1986 Mr. Fontaine stated before the Standing Committee on the Legislative Assembly that, in addition to the eight parcels of land he had already declared, he did not declare an additional parcel of land. Mr. Fontaine did declare this parcel of land in the questionnaire prepared by Ms Eberts and filled out in July 1985.

DEBT INTERESTS

The relevant sections of the 1985 Guidelines ask Ministers to disclose all debt interests in private companies and land:

All members of Cabinet will make public disclosure of the following categories of properties owned by them, in whole or in part, or by their spouses, or their minor children whether directly held by them, or indirectly through companies or nominees. First, all land owned in Ontario except property occupied for their own private residential or recreational use, or for the use of their dependents; second, all share or debt interests in private companies and land; third, all partnerships or proprietorships in which they are principals.

Members of the government will be given reasonable time to comply with these guidelines. Their land holdings will be made available for disclosure within a few days and the disclosure of other holdings, where applicable, will be made within a month.

A Minister desiring to set up a trust, should have established the trust and disclosed its management provision by the end of the year.

All disclosures required of Ministers will be filed with the Clerk of the Legislative Assembly where they will be available for public examination.

Mr. Fontaine stated to the House on 26 June 1986 that he had not declared in his disclosure statement of 31 January 1986 that he was owed \$13,000 by Evolution Hearst, a private corporation, and that he was owed \$50,000 by René Fontaine Holdings Ltd. and United Sawmill Ltd., both private corporations. Mr. Fontaine further indicated that it was his lawyers' opinion that he should list these items in his disclosure statement "even though since January 31, 1986, they have been in the sole control of my Trustee" (Canada Trust).

#### PRIVATE CORPORATIONS

The Guidelines deal with private corporations in the following way:

All members of Cabinet will make public disclosure of the following categories of properties owned by them, in whole or in part, or by their spouses, or their minor children, whether directly held by them, or indirectly through companies or nominees.

First, all land owned in Ontario except property occupied for their own private residential or recreational use, or for the use of their dependents; second, all share or debt interests in private companies and land; third, all partnerships or proprietorships in which they are principals.

• • •

No private company in which a Minister or his or her family have an interest may become contractually involved with the Government of Ontario unless the interest of the Minister or family has been placed in a "blind trust" set up in accordance with these guidelines. It shall be the responsibility of the Trustee to ensure that if any matter affecting that interest comes before the Ministry for which that Minister is responsible, officials in the Premier's office are advised so that a colleague of the Minister can be appointed to act for the Ministry concerned for purposes of dealing with the matter.

The rule against contracts with the government does not preclude Ministers from entering into any contract with the government which is provided for by legislation or regulation and which, by the terms of the legislation or regulation, is available evenhandedly to all members of the public (i.e. OHIP) or to a specific class of members of the public (i.e. crop insurance).

• • •

The most important of these conditions is that the trust must provide that, apart from withdrawing funds from the trust or placing additional funds in it, Ministers will exercise no control whatsoever over the investment decisions or management of the trust. All such matters must be left to the discretion of the trustee. However, in some cases, like the case of a closely held family company, the nature of the trust property may be such that the trustee will simply hold the asset or assets, rather than dispose of them or otherwise invest them; a Minister may under these guidelines create this type of "frozen" blind trust.

Further, the trustee must be licensed under the Loan and Trust Corporations Act of Ontario.

• • •

Members of the Government will be given reasonable time to comply with these guidelines. Their land holdings will be made available for disclosure within a few days and the disclosure of other holdings, where applicable, will be made within a month.

A Minister desiring to set up a trust, should have established the trust and disclosed its management provision by the end of the year.

All disclosures required of Ministers will be filed with the Clerk of the Legislative Assembly where they will be available for public examination.

These guidelines are not exhaustive, nor could they, in reality, embrace all possible situations representing or suggesting a conflict of interest.

The question of whether any of Mr. Fontaine's private corporate holdings have breached s. 10 and 11 (1) (b) and (f) of the Legislative Assembly Act has also been raised.

#### 1. Holdings of Mr. Fontaine

In his disclosure statement tabled with the Clerk of the House on January 31, 1986, Mr. Fontaine listed his holdings in private corporations as follows:

René Fontaine Holdings Limited	
United Sawmill Company Limited	63,294 common shares
Hearst Forest Management Inc.	
(50% owned by United Sawmill	
Company Limited)	
Claybelt Lumber	19 Preferred B shares
	14 Preferred A shares
	126 common shares
Evolution Hearst	1 share
La Maison Verte	15 shares
Le Panache	1 share

Mr. Fontaine stated in his January disclosure statement that share interests in private corporations were placed in trust with Canada Trust.

Mr. Fontaine stated in the House on June 26, 1986 that he had not declared one share in Les Industries Nordex.

On July 23, 1986 Mr. Fontaine stated to the Committee that he still continued to hold three shares in Kabu Exploration Corporation. He also indicated that he had been issued 20,000 shares of Wheeler Martin International Inc. but that these had been bought back.

Mr. Fontaine also stated that in addition to the one common share in La Panache he had not declared 100 preferred shares in this company.

Also on July 23, 1986 Mr. Fontaine stated that his one common share in and 20 blocks of \$10 debt owed to him by Les Presses du Nord-Est de L'Ontario Inc., operator of Le Nord newspaper, was in fact owed to United Sawmill, which company had been placed in a blind trust.

The ownership of United Sawmill, which participates with another company in Hearst Forest Management Inc., raises the matter of the signing of a forest management agreement between Hearst and the Ministry of Natural Resources. The negotiation of such an agreement has been ongoing since 1983. Ms Eberts, in her letter of July 9, 1985, stated as follows regarding the FMA:

The main difficulty from your point of view is your interest, through René Fontaine Holdings Limited in United Sawmill Company Limited. It holds a renewable contract with the Ministry of Natural Resources to cut 56,000 cords of wood per year. As Mr. Wright (of the Attorney General's Ministry) and I discussed with M. Gagne, this contract does not offend the guidelines because it was entered into before your appointment to the Cabinet. As long as you refrain from any dealings, as a Cabinet member, which affect that "personal beneficial interest," then the guidelines would be satisfied. However, any renewal of that arrangement would offend the guidelines.

As I understand it, however, the plan is to have Hearst Forest Management (owned in part by United) enter into a master forest management plan or contract approved by the Ministry of Natural Resources; the target date for this agreement is April 1, 1986, and I understand that it would replace the present arrangements affected United Sawmill.

This master forest management plan does fall outside what is permitted by the guidelines. As the guidelines now stand, you and your companies would not be able to enter into it.

As we have discussed, I am proposing to the Premier that the guidelines be changed to permit private companies to enter into contracts with the government as long as the Minister's interest is in a blind trust, and as long as the Minister has no part in any government decision affecting that contract. Such a change would permit the plan for the master agreement to go ahead, although your interest in United Sawmill would have to be in a blind trust.

## 2. Holdings of Mrs. Yolande Fontaine

On July 23, 1986 Mr. Fontaine told the Committee that his wife also had contributed \$10 to Radio de L'Epinette Noire for which she may have received one share. Mr. Fontaine also said that his wife has one share in Cooperative Agricole de Hearst.

According to Mr. Fontaine's statement in the House on January 30, 1986, his wife is part owner of the private company United Sawmill.

## 3. Timber Licenses held by United Sawmill Company Limited

The relevant sections of the guidelines provide as follows:

No private company in which a Minister or his or her family have an interest may become contractually involved with the Government of Ontario unless the interest of the Minister or family has been placed in a "blind trust" set up in accordance with these guidelines. It shall be the responsibility of the Trustee to ensure that if any matter affecting that interest comes before the Ministry for which that Minister is responsible, officials in the Premier's office are advised so that a colleague of the Minister can be appointed to act for the Ministry concerned for purposes of dealing with the matter.

The rule against contracts with the government does not preclude Ministers from entering into any contract with the government which is provided for by legislation or regulation and which, by the terms of the legislation or regulation, is available evenhandedly to all members of the public (i.e. OHIP) or to a specific class of members of the public (i.e. crop insurance).

Third, while holding office, it will be the responsibility of the individual Minister to ensure that whenever a matter involving a personal beneficial interest comes before the ministry for which the Minister is responsible, being a matter involving the discretion of the Government, the Minister will request that a colleague be officially appointed to act for the ministry concerned for the purpose of dealing with that matter.

Sections 10 and 11 (1) (b) and (f) of the Legislative Assembly Act may also be relevant.

In the Eberts disclosure questionnaire filled in by Mr. Fontaine in June, 1985, Mr. Fontaine disclosed a one-third interest in United Sawmill belonging to himself and his wife. He also disclosed that United Sawmill held a timber cutting license from the provincial government (that is, the Ministry of Natural Resources). On June 26, 1985 Mr. Fontaine became Minister of Northern Development and Mines.

Ms Ebert's response to Mr. Fontaine's disclosures is found in her letter to him of July 9, 1985:

The main difficulty from your point of view is your interest, through René Fontaine Holdings Limited in United Sawmill Company Limited. It holds a renewable contract with the Ministry of Natural Resources to cut 56,000 cords of wood per year. As Mr. Wright (of the Attorney-General's Ministry) and I discussed with M. Gagne, this contract does not offend the guidelines because it was entered into before your appointment to the Cabinet. As long as you refrain from any dealings, as a Cabinet member, which affect that "personal beneficial interest," then the guidelines would be satisfied. However, any renewal of that arrangement would offend the guidelines.

• • •

As we have discussed, I am proposing to the Premier that the guidelines be changed to permit private companies to enter into contracts with the government as long as the Minister's interest is in a blind trust, and as long as the Minister has no part in any government decision affecting that contract. Such a change would permit the plan for the master agreement to go ahead, although your interest in United Sawmill would have to be in a blind trust.

In September 23 of the same year Mr. Blenus Wright of the Ministry of the Attorney General wrote to all Cabinet ministers regarding compliance with the conflict of interest guidelines. The paragraphs relevant to private corporations read as follows:

Enclosed you will also find a format on which you may outline real property mortgages held by you and share holdings in private corporations, partnerships or proprietorships. Please send this information to me by October 31st.

I also enclose a draft of a suggested Trust Agreement with respect to share interests in public corporations. If you or your family intend to retain share interests in public corporations, please arrange to enter into an agreement with a trustee and supply me with an executed copy of the agreement. Otherwise, please indicate that you have no share interest in public corporations. In the event that you have private company assets which you wish to place in a type of "frozen" blind trust, the Trust Agreement will have to be amended accordingly. This information is required by the end of the year.

On December 23, 1985 Mr. Fontaine executed the trust agreement by which, according to the testimony of Ms Eberts, the Fontaine shares in United Sawmill were put into a blind trust. The January, 1986 disclosure statement filled with the Clerk of the House disclosed the shares in United Sawmill and stated that share interests in private corporations had been placed in trust with Canada Trust.

During the Committee's hearings into the matter of conflict of interest allegations against Mr. Fontaine, the Committee learned that three of the companies that had amalgamated in 1981 to form United Sawmill were still licensed by the Ministry of Natural Resources to cut timber. Some of these licenses had been renewed, signed by the Minister of Natural Resources on September 23, 1985 – that is, after Mr. Fontaine became Minister of Northern Development and Mines. Ministry of Natural Resources staff testified that in January of 1986 they discovered that these companies had amalgamated. They thus recalled these licenses and issued a new one in the name of United Sawmill.

Mr. Fontaine's Discussions with respect to the Forest Management Agreement for Hearst

On September 11, 1986, Mr. Therriault of the Ministry of Natural Resources told the Committee that he met Mr. Fontaine on four occasions: on January 21, 1986, March 25, 1986, April 27, 1986 and May 12, 1986. According to Mr. Therriault, the Forest Management Agreement for Hearst was discussed. The meeting of January 21, 1986 in Toronto was an information session initiated by the Ministry of Natural Resources. A large number of regional issues were discussed including the status of the Hearst Forest Management Agreement. The second meeting on March 25, 1986 was held at the request of Mr. Fontaine in his Toronto office. The participation of Mr. Levesque in the FMA was discussed, as well as Calstock Indian Reserve cutting rights. On April 27, 1986 Mr. Therriault was visited at his home in Hearst by Mr. Fontaine and the manager of United Sawmill, Mr. Michael Duval. Discussion at this meeting centered on the participation of Mr. Levesque in the FMA and the point in time at which Mr. Levesque would be brought into the Agreement. On May 12, 1986 Mr. Therriault was again visited by Mr. Fontaine. During this meeting Mr. Fontaine again discussed how to include Mr. Levesque in the Forest Management Agreement.

The Committee also heard testimony from Mr. Cloutier, the manager of Hearst Forest Management Inc. Mr. Cloutier stated to the Committee on September 11, 1986 that he called Mr. Fontaine on April 22, 1986 to explain the difficulties of including Mr. Levesque in the FMA at that point and the options that were available with regard to the matter.

On September 19, 1986, Mr. Fontaine appeared before the Committee and stated that he had indeed met with Mr. Therriault and talked to Mr. Cloutier. With respect to the January 21, 1986 meeting with Mr. Therriault, Mr. Fontaine explained that that meeting dealt with a large number of matters including the Hearst FMA. However, Mr. Fontaine stated that the discussion did not deal with the details of the FMA nor was there any discussion of the business affairs of United Sawmill and Hearst Forest Management Inc. With respect to the other three meetings, Mr. Fontaine stated that the discussions with Mr. Therriault dealt only with the issue of Mr. Levesque's participation in the Forest Management Agreement and the need to find a way of including Mr. Levesque in the agreement.

On September 11, 1986 Mr. Cloutier stated that on August 27, 1985 he presented a brief to the Minister of Natural Resources on behalf of United Sawmill, Lecours and Levesque with respect to the James River-Marathon matter. Mr. Fontaine introduced all the sawmill representatives and then withdrew from the discussions dealing with the FMA. Mr. Fontaine stated to the Committee on September 19, 1986 that he did not stay when Mr. Cloutier and the other sawmill representatives remained to talk about the FMA with the Minister.

#### PUBLIC CORPORATIONS

##### 1. Golden Tiger Mining Exploration Company Inc.

###### A) Shares

The relevant sections of the guidelines provide as follows:

In defining these guidelines for the purpose of clarification, "family" should be taken to mean the spouse of the Minister and minor children . . . .

During the time members of the Cabinet hold office, they will be subject to the following obligations and restrictions . . . .

With respect to share interests in public corporations, Ministers and their families will be required to divest themselves of such holdings, or, as an alternative, to place all such holdings in the hands of a trustee, provided, in the latter case, that certain conditions are met.

The most important of these conditions is that the trust must provide that, apart from withdrawing funds from the trust or placing additional funds in it, Ministers will exercise no control whatsoever over the investment decisions or management of the trust. All such matters must be left to the discretion of the trustee. However, in some cases, like the case of a closely held family company, the nature of the trust property may be such that the trustee will simply hold the asset or assets, rather than dispose of them or otherwise invest them; a Minister may under these guidelines create this type of "frozen" blind trust.

Further, the trustee must be licensed under the Loan and Trust Corporations Act of Ontario.

Members of the Government will be given reasonable time to comply with these guidelines. Their land holdings will be made available for disclosure within a few days and the disclosure of other holdings, where applicable, will be made within a month.

A Minister desiring to set up a trust, should have established the trust and disclosed its management provision by the end of the year.

All disclosures required of Ministers will be filed with the Clerk of the Legislative Assembly where they will be available for public examination.

These guidelines are not exhaustive, nor could they, in reality, embrace all possible situations representing or suggesting a conflict of interest.

i) Non-Escrow Shares

In his June 26, 1986 and July 23, 1986 statements, Mr. Fontaine said that as of December 1, 1985 he and his family owned the following Golden Tiger shares: 45,354 in Mr. Fontaine's name; 3,000 in his wife's name; 26,500 in the names of the adult Fontaine children. Mr. Fontaine also stated that the last group of shares had been incorrectly registered in that only 16,500 belonged to his children and 13,000 belonged to his wife. He stated that in December of 1985 he had requested that the shares be correctly registered.

Mr. Brandt, appearing before the Committee on July 22, 1986, alleged non-disclosure of another 4,615 shares, owned by United Sawmill.

As regards the history of these shares, Mr. Fontaine, Mr. Gagne, and Ms Eberts testified to a June, 1985 meeting, at which time the disclosure questionnaire drafted by Ms Eberts was produced and discussed. This disclosure questionnaire lists the non-escrow shares, although the Fontaine children's shares are given as 28,000. On June 26, 1985, Mr. Fontaine was appointed Minister of Northern Affairs and Mines (now the Ministry of Northern Development and Mines).

The June meeting was followed by a letter from Ms Eberts to Mr. Fontaine, and dated July 9, 1985. She writes, "You know that the shares you and your wife hold in listed companies (Golden Tiger and Villeneuve Resources) will either have to be sold or placed in a blind trust." Mr. Fontaine in his testimony made no reference to this letter. Mr. Gagne in his testimony before the Committee stated that his understanding throughout this period was that the shares would have to be sold by December 31, 1985, according to the 1972 guidelines.

In September of 1985 all Ministers received a letter from Mr. Blenus Wright of the Ministry of the Attorney General. That part relevant to public corporations reads as follows:

I also include a draft of a suggested Trust Agreement with respect to share interests in public corporations. If you or your family intend to retain share interests in public corporations, please arrange to enter into an agreement with a trustee and supply me with an executed copy of the agreement. Otherwise, please indicate that you have no share interest in public corporations. In the event that you have private company assets which you wish to place in a type of "frozen" blind trust, the Trust Agreement will have to be amended accordingly. This information is required by the end of the year.

(The trust deed executed by Mr. Fontaine on December 23, 1985 does not cover these non-escrow shares.)

In November of 1985 Mr. Fontaine and Ms Eberts began work on a blind trust agreement for Mr. Fontaine. It is the testimony of both that at that time Ms Eberts stated that the Golden Tiger shares had to be sold. However, whereas Ms Eberts states that this was at least the second time she had indicated that selling of the shares was necessary, Mr. Fontaine told the Committee that this was the first time he had received this advice. On this point Mr. Paul Martin testified before the Committee on September 12, 1986 regarding a telephone conversation he had had with Mr. Fontaine:

**Mr. O'Connor:** Did you discuss with him the problem he subsequently got into, that is, that he was holding shares in a mining company and, because he was a minister, he had to sell them?

**Mr. Martin:** Yes, and he told me had to sell them before the end of December.

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**Mr. O'Connor:** What was René's attitude upon your advising him he should sell the shares? Was he agreeable to that or was he reluctant?

**Mr. Martin:** He was reluctant because he was going to suffer a fairly good loss.

Mr. O'Connor also referred to a newspaper article of an interview given by Mr. Martin:

**Mr. O'Connor:** The questions I am suggesting were put to you and the answers you made are as follows:

Question by Mr. Ganley: "But he was a cabinet minister late last year when these other stocks were sold through a broker" — he meaning Mr. Fontaine.

Your answer was, "Yeah, but he did it inside the deadline."

Mr. Ganley said, "Right."

You said: "I forced him to sell it. He didn't want to."

Question: "How come?"

Answer: "Well, he figured it was going to go a lot higher. I said: "René, you're a minister. You have to sell it." I arranged a private sale for him, which went through the broker. I think he made a few dollars profit, but not very much."

**Mr. Martin:** I think that was the Globe and Mail.

**Mr. O'Connor:** All right. Whatever paper it was, do you recall being asked those questions by a reporter and making those answers?

**Mr. Martin:** Probably, yeah.

**Mr. O'Connor:** Probably, yeah?

**Mr. Martin:** I think so.

On November 10, a \$1.4 million underwriting took place.

The trust deed was executed on December 23, 1985, at which time Ms Eberts says she again enquired of the status of the Golden Tiger shares and was informed that they had been sold. According to Mr. Fontaine, he directed their sale in December, with the result that the shares in his name were sold on December 10, 11, 12 and his wife's shares were sold on January 13, 1986.

With respect to Mr. Fontaine's 45,354 non-escrow shares, his broker's statement (attached to Mr. Fontaine's June 26, 1986 statement to the House) indicates that on December 10, 1985 the following shares were sold: 1,500 shares at 86 cents; 2,000 shares at 89 cents; and 1,500 shares at 92 cents. On December 11, 1985 the following shares were sold: 6,000 shares at \$1.03 and 1,000 shares at \$1.05. Finally, on December 12, 1985 33,354 shares were sold at 96 cents. When Mr. Fontaine became the Minister of Northern Affairs and Mines (now the Ministry of Northern Development and Mines) on June 26, 1986 the market price of Golden Tiger shares on the Montreal Stock Exchange was between 37-40 cents. Mr. Fontaine stated to the Committee on July 23, 1986 that he bought these 45,354 shares during 1982 and 1983, and that 10,000 shares were bought at 44 cents while the remaining shares were bought at varying prices of \$1.10, \$1.25, \$1.05, 95 cents, 85 cents and 65 cents.

On January 31, 1986, Mr. Blenus Wright filed with the Clerk of the House Mr. Fontaine's disclosure statement. Golden Tiger shares are not mentioned on that statement.

ii) Shares in Escrow with Guaranty Trust

According to Mr. Fontaine's testimony in the Legislature and before the Standing Committee, 17,172 common shares of Golden Tiger Mining Exploration Company Inc. and owned by Mr. Fontaine remain in escrow with Guaranty Trust. (This number is confirmed by a letter from Guaranty Trust to Mr. Fontaine's lawyer, Mr. Michael C.H. Bourgeault, and dated April 8, 1986.)

Mr. Fontaine testified before the House and the Committee that as a result of the first public issue of shares when the corporation became a public corporation on December 30, 1985, 19,080 common shares were issued in his name and placed in an escrow account with Guaranty Trust. Except for a 10% release on February 7, 1983, there has been no change in the escrow account.

These shares were not listed on the disclosure questionnaire drafted by Ms Eberts or the disclosure statement filed with the Clerk of the Legislative Assembly.

2. Villeneuve Resources

The Guidelines require that the shares of this public company, like the shares of Golden Tiger, be either sold or placed into a blind trust, the trust to be in place "by the end of the year" (see above).

The 5,000 shares held by Mr. Fontaine in this company were disclosed by him on the Eberts disclosure questionnaire of June, 1985. In her July 9, 1985 letter to Mr. Fontaine, Ms Eberts writes, "You know that the shares you and your wife hold in listed companies (Golden Tiger and Villeneuve Resources) will have to be either sold or placed in a blind trust." Mr. Wright, in his letter of September 23, 1985 makes the same point and asks for an executed copy of the trust agreement or an indication that there are no share interests in public corporations "by the end of the year."

On June 26, 1985 Mr. Fontaine stated that he directed the sale of these shares on December 5, 1985; however, his broker was unable to sell them until February 5, 1986. Because he assumed that the shares had been sold, Mr. Fontaine did not include them in his disclosure statement of January 31, 1986.

3. Paladin Petroleum

These 1,200 shares are mentioned in Mr. Fontaine's statement of June 26, 1986, in which he indicates that he directed their sale at the same time as he directed the sale of shares in Villeneuve Resources – that is, December 5, 1985. However, these shares were not sold until February 13, 1986. Again, because he believed them to have been sold, Mr. Fontaine states that he did not disclose them in January, 1986.

4. Danvers Resource Explorations Limited

These 6,000 shares are mentioned in Mr. Fontaine's statement of July 23, 1986. He indicates in that statement that he has sold the shares.

5. Kenartha Oil and Gas Company Limited

These 500 shares are mentioned in Mr. Fontaine's statement of July 23, 1986. He indicates in that statement that he has sold these shares.

6. Bell Canada Enterprises

These 11 shares, inherited in 1984 by Mrs. Fontaine, are mentioned in Mr. Fontaine's statement of July 23, 1986.

B) Grants

i) The Ontario Mineral Exploration Program

The relevant provision of the Guidelines reads as follows:

During the time members of the Cabinet hold office, they will be subject to the following obligations and restrictions:

The rule against contracts with the government does not preclude Ministers from entering into any contract with the government which is provided for by legislation or regulation and which, by the terms of the legislation or regulation, is available evenhandedly to all members of the public (i.e. OHIP) or to a specific class of members of the public (i.e. crop insurance).

Third, while holding office, it will be the responsibility of the individual Minister to ensure that whenever a matter involving a personal beneficial interest comes before the ministry for which the Minister is responsible, being a matter involving the discretion of the Government, the Minister will request that a colleague be officially appointed to act for the ministry concerned for the purpose of dealing with that matter.

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With respect to share interests in public corporations, Ministers and their families will be required to divest themselves of such holdings, or, as an alternative, to place all such holdings in the hands of a trustee, provided, in the latter case, that certain conditions are met.

• • •

Members of the Government will be given reasonable time to comply with these guidelines. Their land holdings will be made available for disclosure within a few days and the disclosure of other holdings, where applicable, will be made within a month.

A Minister desiring to set up a trust, should have established the trust and disclosed its management provision by the end of the year.

There may also be a question of a breach of sections 10 and 11 (1) (b) and (d) of the Legislative Assembly Act.

The matter of whether grants or tax credits had been received by Golden Tiger Mining Exploration Company Inc. was raised by Mr. Fontaine's statements of disclosure in the Eberts questionnaire, completed by him in June of 1985. Mr. Fontaine was at one time both director and shareholder in this public corporation. These tax credits or grants have been available since 1980 under the Ontario Mineral Exploration Program Act, which fell initially under the Ministry of Natural Resources.

According to evidence presented to the Committee, Golden Tiger has made application to MNR for program designation on three occasions and received approval for a grant of \$10,241.00 on June 24, 1985. On June 26, 1985, Mr. Fontaine became Minister of Northern Development and Mines. On June 28, 1985, by letter to Paul Martin, President of Golden Tiger, he resigned as director; the Ministry of Consumer and Commercial Relations was so notified in January, 1986. (On December 10, 11, 12, 1985 Mr. Fontaine sold his shares in Golden Tiger; his wife sold hers on January 13, 1986. Mr. Fontaine still retained shares held in his name in escrow by Guaranty Trust.) On April 1, 1986, OMEP was transferred from MNR to Mr. Fontaine's Ministry. Since that time and because of the current Committee hearings, the remaining two Golden Tiger applications have been put "on hold" by the Ministry.

### DIRECTORSHIPS

The 1985 Guidelines do not explicitly state what Ministers should do with respect to directorships in private or public companies.

Mr. Fontaine declared, in response to the questionnaire produced by Ms Eberts, that he held directorships in the following companies:

Director, Claybelt Lumber Company Limited  
President, Arc en Ciel  
President, Maison Renaissance  
President, Loge Pop  
Director, Maison Verte  
Director, Ontario Lumber Manufacturers Association  
Vice-President, United Sawmill Company Limited  
Director, Golden Tiger Exploration Company Inc.  
Director, Northern College

Mr. Fontaine stated on January 30, 1986 that he was also a member of the Board of Directors of Hearst Forest Management Inc. At the same time, he also declared that he had resigned from the Board of Directors of United Sawmill Ltd. and Hearst Forest Management Inc. During the course of its hearings, the Committee received a copy of a letter from Ms Mary Eberts to Mr. Andre Gagne asking him to send letters of resignation with respect to Mr. Fontaine's directorships in Hearst Forest Management Inc., United Sawmill, Le Panache and René Fontaine Holdings Ltd. Mr. Bourgeault testified before the Committee that he (Mr. Bourgeault) failed to advise the Companies Branch of the Ministry of Consumer and Commercial Relations of those resignations.

On July 23, 1986 Mr. Fontaine stated to the Committee that he continued to be the President of Kabu Exploration Corporation despite his resignation from that position. Mr. Fontaine also stated that he resigned as President of Les Industries Nordex on February 10, 1986.

### PART III: CONCLUSIONS

1. Mr. Fontaine violated the Premier's Conflict of Interest Guidelines. Mr. Fontaine was in breach of the Conflict of Interest Guidelines in three major respects and in many minor respects. The major breaches can be grouped into the following categories:

- a) failure to comply with respect to his interests in Hearst Forest Management Inc.;
- b) failure to comply with respect to his interests in United Sawmill Company Limited; and
- c) failure to comply with respect to his interests in Golden Tiger Mining Exploration Co. Inc.

In these three categories, Mr. Fontaine was in a position to potentially benefit personally from his violations of the Guidelines. The Guidelines are the Code of Conduct established by the Premier for his Cabinet and it is his responsibility for their enforcement. Neither the Premier nor his office enforced the Guidelines.

2. Mr. Fontaine failed to disclose all his holdings as required. Golden Tiger continued to apply for mining grants and tax credits under O.M.E.P. and United Sawmill Company Limited continued to receive timber cutting licences from the Ministry of Natural Resources while Mr. Fontaine was Minister of Northern Development and Mines. These were clear conflicts of interest.

The value of the Golden Tiger shares increased at a time when the shares should either have been sold or placed in a blind trust.

It would appear the Ministry of Natural Resources approached Mr. Fontaine in January of 1986 to give him an update on the Hearst Forest Management Agreement. Apparently, the approval for the Agreement depended on all three parties to the FMA being in agreement.

Mr. Fontaine, held a 1/3 share of United Sawmill Company Limited which had a 50% share of Hearst Forest Management Inc. Mr. Fontaine failed to disclose that he had at least four meetings with the Ministry of Natural Resources and discussions with Mr. Cloutier, Manager of Hearst Forest Management Inc. and Mr. Viel, Manager of Lecours concerning the Hearst Forest Management Agreement. He had further dealings with Mr. Levesque, the third party to the FMA.

Because Mr. Fontaine had a financial interest with Hearst Forest Management Inc. he should have refrained from any discussion or involvement whatsoever in the FMA. His failure to comply created a serious conflict of interest.

3. Mr. Fontaine, as a Cabinet Minister had the responsibility of conforming to the Premier's Conflict of Interest Guidelines. He must accept responsibility for his incompetence in failing to comply with the Guidelines. The Premier must accept the responsibility for not having enforced the Guidelines.

Notwithstanding the Premier's repeated assurances that he had enforced the Guidelines, it is evident that there was little, or no, effort to monitor compliance.

4. Mrs. Mary Eberts and Mr. Blenus Wright, in their capacities as advisors to the Minister, appear to have made every reasonable effort to properly discharge their duties. In her letter of 9th July, 1985, Mrs. Eberts explicitly advised Mr. Fontaine of his obligations in order to conform to the

Guidelines. He did not do so. Mr. Wright, Assistant Deputy Attorney General, in his letter of 23rd September, 1985 clearly identified all Ministers' obligations to conform to the Conflict of Interest Guidelines. More than a year after becoming a Minister, despite explicit instructions from at least two senior officials, Mr. Fontaine still failed to comply with the Guidelines.

5. Initially, Mr. Paul Martin, President of Golden Tiger, refused to testify before the Committee. Mr. Martin was a material witness whose testimony was important in determining any direct effect of the Ontario government's mining policy on the daily operation of Golden Tiger. The refusal of the Speaker to issue a Warrant could have prevented the Committee from investigating these allegations.

If Committees are to be effective in completing investigative work then a review process of the issuing and the jurisdiction of a Speaker's Warrant should be undertaken immediately.

6. It will be a priority of the Legislative Assembly Committee to review the Aird Report on Conflict of Interest Guidelines. In particular, both the Premier's Guidelines and the Legislative Assembly Act, Sections 10, 11 and 12, should be reviewed since members and Cabinet Ministers alike can be affected by a conflict of interest. Any new rules should reflect a sensitivity to the public trust which each of us holds. There can be neither the possibility of personal gain nor the appearance of personal gain for any member of the Legislature while attempting to discharge his or her duties.

We will proceed with this work as soon as the Aird Report is tabled.

## APPENDIX A

### COMMITTEE'S ORDER OF REFERENCE

Wednesday, 2 July 1986:

Ordered, That the matter of René Fontaine's compliance with the conflict of interest guidelines be referred to the Standing Committee on the Legislative Assembly for review and report to the Assembly without delay.



STANDING COMMITTEE ON THE LEGISLATIVE ASSEMBLY

LIST OF WITNESSES

Mr. Michael C.H. Bourgeault, Barrister  
Brisson, Bourgeault, Nadeau

Mr. Andrew Brandt, M.P.P.

Mr. Roland Cloutier, President  
Hearst Forest Management Inc.

Mrs. Mary Eberts, Barrister  
Tory, Tory, DesLauriers & Binnington

Mr. René Fontaine, M.P.P.

Mr. André Gagné, Chartered Accountant  
Collins, Barrow-Maheu, Noiseux

Mr. Ed Markus, Director  
Timber Sales,  
Forest Resources Branch  
Ministry of Natural Resources

Mr. Paul Martin, Director  
Golden Tiger Mining Exploration Company Inc.

The Honourable David Peterson, M.P.P.  
Premier of Ontario

Mr. William H. Therriault, District Manager, Hearst  
Ministry of Natural Resources

Mr. W. Dennis Tieman, Assistant Deputy Minister  
Mines and Minerals Division  
Ministry of Northern Development and Mines

Mr. Tom Tworzyanski, Acting Supervisor  
Management Planning Section, Timber Sales  
Forest Resources Branch  
Ministry of Natural Resources

Mr. Blenus Wright, Q.C.  
Assistant Deputy Attorney General - Civil Law  
Ministry of the Attorney General



**STANDING COMMITTEE ON THE LEGISLATIVE ASSEMBLY**

**LIST OF EXHIBITS**

Exhibit No. 2/004	1986 07 21	RENÉ FONTAINE - Committee Terms of Reference, April 28, July 2 and July 10, 1986.
Exhibit No. 2/005	1986 07 21	RENÉ FONTAINE - Glossary of Terms.
Exhibit No. 2/006	1986 07 21	RENÉ FONTAINE - Hansard references, Conflict of Interest:  January 28 to February 3, 1986, 1st Session, 33rd Parliament
		June 24 to July 10, 1986, 2nd Session, 33rd Parliament.
Exhibit No. 2/007	1986 07 21	RENÉ FONTAINE - Newspaper clippings: Conflict of Interest.
Exhibit No. 2/008	1986 07 21	RENÉ FONTAINE - Conflict of Interest Guidelines, 1985.
Exhibit No. 2/008A	1986 07 21	RENÉ FONTAINE - Conflict of Interest Guidelines, 1972.
Exhibit Nos. 2/008B to 2/008M	1986 07 21	RENÉ FONTAINE - Conflict of Interest Guidelines, Canada and other provinces and territories.
Exhibit No. 2/008N	1986 07 21	RENÉ FONTAINE - Conflict of Interest chart entitled "A Provincial Survey", based on information contained in the Sharp/Starr Task Force report.
Exhibit No. 2/009	1986 07 21	RENÉ FONTAINE - Disclosure Statement, The Honourable René Fontaine, M.P.P., filed with the Clerk of the House.
Exhibit No. 2/010	1986 07 21	RENÉ FONTAINE - Statement by The Honourable René Fontaine, Minister of Northern Development and Mines, to the Ontario Legislature, Thursday, June 26, 1986.
Exhibit No. 2/011	1986 07 21	RENÉ FONTAINE - Documentation with respect to Claybelt Lumber Limited.
Exhibit No. 2/011A	1986 07 21	RENÉ FONTAINE - Registration document, Claybelt Lumber Company, December 16, 1981.

Exhibit No. 2/011B	1986 07 21	RENÉ FONTAINE - Certificate of Incorporation - Evolution Hearst Limited, September 15, 1975.
Exhibit No. 2/011C	1986 07 21	RENÉ FONTAINE - Articles of Incorporation - René Fontaine Holdings Limited, August 17, 1981.
Exhibit No. 2/011D	1986 07 21	RENÉ FONTAINE - Registration document, La Maison Verte, August 28, 1982.
Exhibit No. 2/011E	1986 07 21	RENÉ FONTAINE - Registration document, La Maison Verte, June 18, 1982.
Exhibit No. 2/011F	1986 07 21	RENÉ FONTAINE - Registration document, Le Panache, May 5, 1982.
Exhibit No. 2/011G	1986 07 21	RENÉ FONTAINE - Articles of Incorporation - Paladin Petroleum Corporation, August 3, 1983.
Exhibit No. 2/011H	1986 07 21	RENÉ FONTAINE - Articles of Amalgamation - Paladin Petroleum Corporation, November 14, 1985.
Exhibit No. 2/011I	1986 07 21	RENÉ FONTAINE - Extra-Provincial Licence, April 9, 1984, Villeneuve Resources Ltd.
Exhibit No. 2/012	1986 07 21	RENÉ FONTAINE - Golden Tiger Mining Exploration Company Inc. - claim numbers and locations.
Exhibit No. 2/012A	1986 07 21	RENÉ FONTAINE - Golden Tiger Mining Exploration Company Inc. - map indicating location of claims.
Exhibit No. 2/013	1986 07 21	RENÉ FONTAINE - Trade Papers, references to Golden Tiger Mining Exploration Company Inc.
Exhibit Nos. 2/014 to 2/014 A.K.	1986 07 21	RENÉ FONTAINE - Materials received from the Québec Securities Commission.
Exhibit Nos. 2/015 to 2/015B	1986 07 21	RENÉ FONTAINE - Documentation with respect to the Forest Management Agreement Program and Hearst Forest Management Inc.
Exhibit No. 2/016	1986 07 21	RENÉ FONTAINE - Memorandum dated July 21, 1986 from John Eichmanis, Research Officer re: Fontaine Matter.
Exhibit No. 2/017	1986 07 21	RENÉ FONTAINE - Document prepared by Merike Madisso, Research Officer entitled "Summary of Corporate Holdings of the Former Minister of Northern Development and Mines", July 1986.

Exhibit No. 2/018	1986 07 23	RENÉ FONTAINE - Letter dated September 23, 1985 from Blenus Wright, Assistant Deputy Attorney General to the Premier with respect to Conflict of Interest Guidelines.
Exhibit No. 2/019	1986 07 22	RENÉ FONTAINE - Statement to the Standing Committee on the Legislative Assembly by Andrew S. Brandt, M.P.P. for Sarnia, July 22, 1986.
Exhibit No. 2/020	1986 07 23	RENÉ FONTAINE - Statement of René Fontaine before the Standing Committee on the Legislative Assembly, July 23, 1986.
Exhibit No. 2/020A	1986 07 23	RENÉ FONTAINE - Letter dated June 28, 1985 from René Fontaine to Paul Martin, Golden Tiger Exploration Ltd.
Exhibit No. 2/020B	1986 07 23	RENÉ FONTAINE - Letter, in French, dated July 17, 1986 from Pierre Chenard of Clarkson, Tetrault to the Québec Securities Commission.
Exhibit No. 2/020C	1986 07 23	RENÉ FONTAINE - Letter dated July 4, 1986 from S.J. Stepinac, Counsel, Legal Services, Ministry of Northern Development and Mines to D.J.M. Brown, Q.C., Blake Cassels & Graydon, re Ontario Mineral Exploration Program.
Exhibit No. 2/020D	1986 07 23	RENÉ FONTAINE - Memorandum of Agreement, Explorations Banque-Or Inc. and Guaranty Trust Company of Canada.
Exhibit No. 2/020E	1986 07 23	RENÉ FONTAINE - Letter dated July 23, 1986 from Pierre Chenard of Clarkson, Tetrault to the Committee Chairman re Golden Tiger Mining Exploration Company - Escrowed Shares.
Exhibit No. 2/020F	1986 07 24	RENÉ FONTAINE - Letter dated January 30, 1986 from René Fontaine to The Corporation and Directors of René Fontaine Holdings.
Exhibit No. 2/020G	1986 07 24	RENÉ FONTAINE - Copy of Shares Certificate (in escrow) in Explorations Banque-Or Inc., owned by M. Fontaine.
Exhibit No. 2/021	1986 07 23	RENÉ FONTAINE - Memorandum dated July 23, 1986 from Merike Madisso, Research Officer, re: Mr. Brandt's Statement of July 22, 1986.

Exhibit No. 2/022	1986 07 25	RENÉ FONTAINE - Excerpt from the 1985 Ontario Budget Statement pertaining to Reform of the Mining Tax Act.
Exhibit No. 2/022A	1986 07 25	RENÉ FONTAINE - Excerpt from the 1986 Ontario Budget Statement pertaining to Northern Development.
Exhibit No. 2/022B	1986 07 25	RENÉ FONTAINE - Pre-Budget Submission to the Treasurer of Ontario from the Ontario Mining Association, September 5, 1985.
Exhibit No. 2/022C	1986 07 25	RENÉ FONTAINE - Letter dated March 14, 1985, from the President, Ontario Mining Association to the Ontario Treasurer re: Annual Submission on Taxation Issues.
Exhibit No. 2/022D	1986 07 25	RENÉ FONTAINE - Information Sheet from Dominion Securities Pitfield - Tax Corner, with respect to Flow-Through Mining Shares.
Exhibit No. 2/023	1986 07 25	RENÉ FONTAINE - Documents re: OMEP application for designation - Golden Tiger Mining Exploration Co. Ltd. (OM84-4-C-393).
Exhibit No. 2/023A	1986 07 25	RENÉ FONTAINE - Documents re: OMEP application for designation - Golden Tiger Mining Exploration Co. Ltd. (OM85-4-C-233).
Exhibit No. 2/023B	1986 07 25	RENÉ FONTAINE - Documents re: OMEP application for designation - Golden Tiger Mining Exploration Co. Ltd. (OM84-4-C-166).
Exhibit No. 2/024	1986 08 12	RENÉ FONTAINE - Letter from E. Markus, Timber Sales Branch, Ministry of Natural Resources, re: Licence numbers, etc. for Hearst District 1976-1986.
Exhibit Nos. 2/025 and 2/025A	1986 08 12	RENÉ FONTAINE - Letter from Brisson, Bourgeault, Nadeau, accompanying minute books for United Sawmill Company Ltd., and René Fontaine holdings Ltd.
Exhibit No. 2/026	1986 08 12	RENÉ FONTAINE - Letter from Matwickuk and Agar accompanying minute books from Hearst Forest Management Inc.
Exhibit Nos. 2/027 and 2/027 A-C	1986 08 12	RENÉ FONTAINE - Letter from United Sawmill Company Ltd. and minute books for R. Fontaine Lumber Ltd.; R. Fontaine Ltd.; Mooseland Timber Ltd.; Arrow Timber Co. Ltd.

Exhibit No. 2/028	1986 08 12	RENÉ FONTAINE - Letter from Claybelt Lumber Ltd. accompanying minute books from Claybelt Lumber.
Exhibit No. 2/029	1986 08 12	RENÉ FONTAINE - Copy of statement made to Committee by M. André Gagné, Collins, Barrow-Maheu, Noiseux, on Tuesday, August 12, 1986.
Exhibit Nos. 2/030 and 2/030A	1986 08 13	RENÉ FONTAINE - Copies of letter from Blake, Cassels and Graydon, blind trust agreement; Mr. Cloutier's affidavit re: his appointment as adviser to the Trust.
Exhibit No. 2/031	1986 08 13	RENÉ FONTAINE - Copy of letter to Mr. Michael Breagh, M.P.P. from Mr. Zizys, Director of Policy, Office of the Premier, regarding review by Blake, Cassels and Graydon.
Exhibit No. 2/032	1986 08 13	RENÉ FONTAINE - Letter from Mr. E. Markus, Timber Sales Branch, Ministry of Natural Resources, together with files for Crown timber licenses issued to United Sawmill Co. Ltd., Arrow Timber Co., Polar Lumber Co. Ltd., and Mooseland Timber Co.
Exhibit No. 2/033	1986 08 14	RENÉ FONTAINE - Letter from Gary Weatherson, Director, Ontario Mineral Exploration Program, Ministry of Northern Development and Mines, re: Payment of Grant to Golden Tiger Mining Exploration Co. Inc.
Exhibit No. 2/034	1986 08 18	RENÉ FONTAINE - Summary of Timber Licenses - Amalgamated Companies - Prepared by E. Markus, Director, Timber Sales Branch, Forest Resources group, Ministry of Natural Resources.
Exhibit No. 2/035	1986 08 18	RENÉ FONTAINE - Copy of letter from Mrs. Mary Eberts, (Lawyer) to René Fontaine concerning M. René Fontaine's holdings in various companies; contracts; blind trust; guidelines.
Exhibit No. 2/036	1986 08 19	RENÉ FONTAINE - Summary of Timber Licenses - Amalgamated Companies; Prepared by P.C. Research Staff.
Exhibit No. 2/037	1986 08 19	RENÉ FONTAINE - Copy of letter to Ms. Lynn Mellor, Clerk of the Committee, from Gary Weatherson, Director, Ontario Mineral Exploration Program, Ministry of Northern Development and Mines, re: Golden Tiger Mining Exploration Co.

Exhibit No. 2/037A	1986 08 20	RENÉ FONTAINE - Copy of letter from Gary Weathersson, Director, Ontario Mineral Exploration Program, Ministry of Northern Development and Mines, re: Golden Tiger Mining Exploration Co.
Exhibit No. 2/038	1986 08 20	RENÉ FONTAINE - OMEP Administrative Process.
Exhibit No. 2/039	1986 08 20	RENÉ FONTAINE - Copy - Excerpt from Minister's House Briefing Book - May 1985 - E. 2.2. Proposed and Potential Developments House Issues Briefing Note.
Exhibit No. 2/040	1986 08 20	RENÉ FONTAINE - Copy of letter from E. Solonyka, OMEP Assistant Administrator Mining Taxation and OMEP Office, Ministry of Natural Resources, re: Form 4 - Application for Grant in Lieu of Tax Credit (Golden Tiger Mining Exploration Company).
Exhibit No. 2/041	1986 08 21	RENÉ FONTAINE - Copy of letter from Mr. Edward Stewart, Deputy Minister and Secretary of the Cabinet, dated June 12, 1985, to Mr. David Peterson, Leader of the Opposition, re: Responsibility for Cabinet papers on the occasion of a change in government.
Exhibit No. 2/042	1986 08 21	RENÉ FONTAINE - Copy of French translation of statement made by M. Bourgeault on 21 August 1986.
Exhibit No. 2/042A	1986 08 21	RENÉ FONTAINE - Copy of letter from Mrs. Mary Eberts to M. André Gagné dated January 30, 1986, re: René Fontaine Holdings - resignations from Hearst Forest Management Inc., United Sawmill Co. Ltd., Le Panache and René Holdings Ltd.
Exhibit No. 2/043	1986 08 26	RENÉ FONTAINE - Letter from Mr. E. Markus, Timber Sales Branch, Ministry of Natural Resources, to the Chairman of the Committee accompanying files concerning United Sawmill Co. Ltd., Polar Lumber, Arrow Timber, Mooseland Timber, Hearst Forest Management Inc.
Exhibit No. 2/044	1986 08 26	RENÉ FONTAINE - Letter from Dennis Tieman, Assistant Deputy Minister, Ministry of Northern Development and Mines, to Ms. Lynn Mellor, Clerk of the Committee, re: Golden Tiger Mining Exploration Co. Inc.
Exhibit No. 2/045	1986 09 02	RENÉ FONTAINE - Letter from Mr. E. Markus, Sales Branch, Ministry of Natural Resources, to Mr. John Eichmanis, Research Officer, re: a response to a question to Mr. Tworzyanski by Mr. Sterling, M.P.P. on 86 08 19.

Exhibit No. 2/046 1986 09 02

RENÉ FONTAINE - Letter dated July 8, 1985, from R.A. Cloutier (Lecours Lumber Limited, United Sawmill Company Limited, & Levesque Lumber Co. Ltd.) to Hon. René Fontaine, Minister of Northern Affairs and Mining concerning the building of an all-weather road connection between Highway 11 and the James River-Marathon Road network east of Hillsport; letter dated September 4, 1985, from René Fontaine to Real Levesque of Levesque Lumber re: an application to the Northern Ontario Resources Transportation Committee (NORTC) for a road extension; letter dated September 5, 1985 from W.H. Therriault, District Manager, Hearst District, to Mr. E. Sutherland, Constance Lake Reserve, with respect to a harvesting operation conducted by band members; file memos (2) from W.H. Therriault.

Exhibit No. 2/047 1986 09 02

RENÉ FONTAINE - Report entitled "A Review of the Hearst Forest Management Agreement", Ministry of Natural Resources, dated August 29, 1986.

Exhibit No. 2/048 1986 09 02

RENÉ FONTAINE - Document prepared by John Eichmanis and Merike Madiiso, Research Officers, entitled "Draft Report with Respect to Conflict of Interest and René Fontaine", August 1986.

Exhibit No. 2/048A 1986 09 18

RENÉ FONTAINE - revised "Draft Report with Respect to Conflict of Interest and René Fontaine", dated September 1986 and prepared by John Eichmanis and Merike Madiiso, Research Officers.

Exhibit No. 2/048B 1986 09 22

RENÉ FONTAINE - Document prepared by John Eichmanis and Merike Madiiso, Research Officers, entitled "Additions to the 'Draft Report with Respect to Conflict of Interest and René Fontaine'", September 22, 1986.

Exhibit No. 2/049 1986 09 11

RENÉ FONTAINE - Memorandum dated September 11, 1986 to the Committee from Merike Madiiso, Research Officer re: Sections 10 and 11 of the Legislative Assembly Act.

Exhibit No. 2/050 1986 09 11

RENÉ FONTAINE - Letter dated September 10, 1986 from Guy Pratte to the Committee Chairman requesting an opportunity to appear before the Committee.

Exhibit No. 2/051 1986 09 11

RENÉ FONTAINE - File Memo dated March 25, p.m. by W.H. Therriault, District Manager, Hearst, Ministry of Natural Resources, re: Briefing, René Fontaine, Minister of Northern Development and Mines.

Exhibit No. 2/052	1986 09 11	RENÉ FONTAINE - File Memo dated January 21/86 by W.H. Therriault, District Manager, Hearst, Ministry of Natural Resources, re: Levesque Lumber.
Exhibit No. 2/053	1986 09 11	RENÉ FONTAINE - Statement by Roland Cloutier to the Committee, September 11, 1986.
Exhibit No. 2/054	1986 09 11	RENÉ FONTAINE - Material dated 86.02.03 re: FMA.
Exhibit No. 2/055	1986 09 18	RENÉ FONTAINE - Document prepared by John Eichmanis and Merike Madiiso, Research Officers, entitled "Apparent Contradictions between Testimony of Mr. Fontaine and Other Witnesses", September 1986.
Exhibit No. 2/056	1986 09 18	RENÉ FONTAINE - Document tabled by the Progressive Conservative members re: Conflicts in Testimony.
Exhibit No. 2/057	1986 09 19	RENÉ FONTAINE - Letter dated September 19, 1986 from Blenus Wright, Assistant Deputy Attorney General to the Committee Chairman with respect to Sections 10 and 11 of the <u>Legislative Assembly Act</u> .
Exhibit No. 2/058	1986 09 19	RENÉ FONTAINE - Statement by Mr. Fontaine to the Standing Committee on the Legislative Assembly.
Exhibit No. 2/058A	1986 09 19	RENÉ FONTAINE - Summary of Evidence re: Standing Committee on the Legislative Assembly re: René Fontaine.
Exhibit No. 2/059	1986 09 22	RENÉ FONTAINE - Document prepared by Merike Madiiso, Research Officer, re: Issues for Consideration re: Mr. Fontaine and Conflict of Interest Guidelines, September 22, 1986.

## **APPENDIX D**

D(I)      **1972 Conflict of Interest Guidelines**

D(II)      **1985 Conflict of Interest Guidelines**



**M I N I S T E R S**

**CONFFLICT OF INTEREST**

**STATEMENT ON GUIDELINES**

**WITH RESPECT TO CONFLICT OF INTEREST - SEPTEMBER, 1972**

In defining these guidelines for the purpose of clarification, "family" should be taken to mean the spouse of the Minister and minor children, and the guidelines will apply to present Ministers of the Government and to those appointed in the future, and, further, any reference to "land" means specifically land in Ontario.

All members of Cabinet will make public disclosure of the following categories of properties owned by them, in whole or in part, or by their spouses, or their minor children, whether directly held by them, or indirectly through companies or nominees.

First, all land owned in Ontario except property occupied for their own private residential or recreational use, or for the use of their dependents; second, all share or debt interests in private companies and land; third, all partnerships or proprietorships in which they are principals.

During the time members the Cabinet hold office, they will be subject to the following obligations and restrictions:

Except for land acquired for their personal use for residential or recreational purposes, they and their families, will be prohibited from purchasing, directly or indirectly, land or interests in land of Ontario, or interests in land development carrying on business in Ontario. The acquisition of farm lands by a colleague farmer where he or his family intend to farm it is not ruled out, nor is the private company acquisition of land for normal business purposes, subject of course, to disclosure as referred to earlier in this statement.

Second, no private company in which a Minister or his or her family have an interest may become contractually involved with the Government of Ontario.

Third, while holding office, it will be the responsibility of the individual Minister to ensure that whenever a matter involving a personal beneficial interest comes before the ministry for which the Minister is responsible, being a matter involving the discretion of the Government, the Minister will request that a colleague be officially appointed to act for the ministry concerned for the purposes of dealing with that matter.

Fourth, while holding office, Ministers will abstain from day to day participation in any businesses or professional activity.

Fifth, Ministers will disclose any change in their holdings of any types of property originally disclosed by them.

With respect to share interests in public corporations, Ministers and their families will be required to divest themselves of such holdings, or, as an alternative, to place all such holdings in the hands of a trustee, provided, in the latter case, that certain conditions are met.

The most important of these conditions is that the trust must provide that, apart from withdrawing funds from the trust or placing additional funds in it, Ministers will exercise no control whatsoever over the investment decisions or management of the trust. All such matters must be left to the discretion of the trustee.

Further, the trustee must be licensed under The Loan and Trust Corporations Act of Ontario.

If a Minister has such a trust presently in existence, and should it be continued, the conditions shall be changed to conform to these guidelines.

Members of the Government will be given reasonable time to comply with these guidelines. Their land holdings will be made available for disclosure within a few days and the disclosure of other holdings, where applicable, will be made within a month.

A Minister desiring to set a trust, should have established the trust and disclosed its management provision by the end of the year.

All disclosures required of Ministers will be filed with the Clerk of the Legislative Assembly where they will be available for public examination.

These guidelines are not exhaustive, nor could they, in reality, embrace all possible situations representing or suggesting a conflict of interest.

## **CONFFLICT OF INTEREST**

### **SAMPLE LETTER:**

#### **TO NEWLY APPOINTED CABINET MINISTERS**

As a member of Cabinet you are required to disclose your interest in property owned by yourself, your wife or your minor children, whether held directly or indirectly through companies or nominees, I enclose a copy of the Guidelines with respect to Conflict of Interest for your information.

I would appreciate receiving from you a list of real property owned in Ontario, other than the family residence and recreational property. Please provide a brief legal description of any property with Lot, Concession, Township and County information as outlined in the enclosed format. Please provide me with this information within the next few days.

I also enclose a format on which you may outline your mortgage and share holdings. Please provide me with this information within one month.

Within 3 months after you were sworn in as a Cabinet member you will be required to indicate whether you have divested yourself of share interests in public corporations or placed such holdings in the hands of a trustee. If you have public shares which will be placed in a Trust, I enclose a copy of a draft trust agreement for your perusal.

Yours very truly,

Blenus Wright  
Assistant Deputy  
Attorney General

THIS AGREEMENT made this day  
of , A.D. 19 .

BETWEEN

a Minister of the Government of Ontario of the  
of              in the              of  
and Province of Ontario, hereinafter call the "Settlor"

OF THE FIRST PART  
-and-

incorporated by Letters Patent under the Trust Companies Act  
(Canada) of the City of Toronto, in the Municipality of  
Metropolitan Toronto and Province of Ontario, hereinafter called  
the "Trustee"

OF THE SECOND PART

WITNESSES:

WHEREAS the Settlor has assigned, transferred and delivered to  
the Trustee the property set forth in Schedule "A" attached hereto upon certain  
trusts,

AND WHEREAS the Trustee is licensed under The Loan and Trust  
Corporations Act of Ontario:

NOW THEREFORE in consideration of the covenants herein  
contained, it is hereby mutually agreed between the parties hereto that the said  
property, together with any other property which may from time to time be held  
by the Trustee in lieu therefore or in addition thereto (all of which is hereinafter  
referred to as the trust fund) shall be held by the Trustee upon the following  
trusts:

1. The trustee shall invest and keep invested the trust fund or the amount thereof from time to time remaining and shall pay the net income derived therefrom to the Settlor in monthly or other convenient instalments as the Settlor shall in writing request; PROVIDED that the Trustee may at any time or times pay to the Settlor such amount or amount out of the capital of the trust fund as the Settlor shall in writing request.

2. On the death of the Settlor the Trustee shall transfer, convey, pay over and deliver the property in its then invested form to the personal representative of the Estate of the Settlor.

3. The Settlor may add to the Schedule of Property hereto annexed and the Trustee is authorized to receive such additional funds or investments and to hold same upon the same trusts, terms and conditions as herein authorized.

4. The Trustee, in addition to all other powers available to it by law or otherwise, shall have the following powers, the exercise of which shall be in the absolute discretion of the Trustee without reference to the Settlor or in any way subject to the direction, advice or control whatsoever of the Settlor;

(a) The Trustee may invest the cash funds from time to time constituting part of the trust fund in any investments or securities which it in its absolute discretion considers advisable and it is not to be limited to investments authorized by law for trustees.

(b) At any time and from time to time the Trustee may sell, transfer, assign, exchange, convey, mortgage, lease or otherwise dispose of any of the property, securities or investments from time to time constituting the trust fund in any manner it may consider proper and at any price and terms it may consider desirable, and it shall not be bound to secure the consent or approval of any person, official, authority, tribunal or court.

(c) The Trustee may:

(i) vote all stocks and shares;  
(ii) exercise all rights incidental to the ownership of stocks, shares, bonds or other securities and investments and property held as part of the trust fund, and issue proxies to others;

(iii) sell or exercise any subscription rights, and in connection with the exercise of subscription rights use the trust monies for the purpose;

(iv) consent to and join in any plan, reorganization, readjustment or amalgamation or consolidation with respect to any corporation whose stock, shares, bonds or other securities at any time form part of the trust fund, and authorize the sale of the undertaking or assets, or a substantial portion thereof, of any corporation;

(v) register any property in the name of its nominee or in its own name or hold it unregistered or in such form that title shall pass by delivery, but without thereby increasing or decreasing its liability as Trustee; and

(vi) generally act in respect of the trust fund as fully and effectually from time to time as if the same were not trust property but always for the benefit of the trust fund.

5. All stock dividends received by the Trustee in connection with any share of stock from time to time held by it shall be deemed to be and shall be dealt with as capital of the trust fund and the Trustee is authorized to retain any such stock dividends for such length of time as it considers advisable.

6. The Trustee shall render to the Settlor an annual statement of the income derived from the investments constituting the trust fund.

7. The annual remuneration of the Trustee shall be calculated upon the average market value of the trust fund from time to time held by the Trustee at the rate of .... (to be agreed between Trustee and Settlor).

The Trustee may deduct from the trust fund its remuneration as provided herein together with any costs and disbursements that may be properly incurred in the administration of the trust, and may charge the same to the capital or income of the trust fund, or in such proportion as it considers advisable from time to time, partly to capital and partly to income.

8. The Trustee shall not be held responsible for any loss or damage which may be occasioned by retaining investments in the form in which they shall be received by it into the trust fund or by reason of investments made by it in good faith in securities pursuant to the terms of this agreement.

9. It is expressly understood and agreed that, subject to paragraph 10, this trust shall remain in force while the Settlor is a Minister of the Government of Ontario. Upon ceasing to be a Minister of the Government of Ontario, the

1. The trustee shall invest and keep invested the trust fund or the amount thereof from time to time remaining and shall pay the net income derived therefrom to the Settlor in monthly or other convenient instalments as the Settlor shall in writing request; PROVIDED that the Trustee may at any time or times pay to the Settlor such amount or amount out of the capital of the trust fund as the Settlor shall in writing request.

2. On the death of the Settlor the Trustee shall transfer, convey, pay over and deliver the property in its then invested form to the personal representative of the Estate of the Settlor.

3. The Settlor may add to the Schedule of Property hereto annexed and the Trustee is authorized to receive such additional funds or investments and to hold same upon the same trusts, terms and conditions as herein authorized.

4. The Trustee, in addition to all other powers available to it by law or otherwise, shall have the following powers, the exercise of which shall be in the absolute discretion of the Trustee without reference to the Settlor or in any way subject to the direction, advice or control whatsoever of the Settlor;

(a) The Trustee may invest the cash funds from time to time constituting part of the trust fund in any investments or securities which it in its absolute discretion considers advisable and it is not to be limited to investments authorized by law for trustees.

(b) At any time and from time to time the Trustee may sell, transfer, assign, exchange, convey, mortgage, lease or otherwise dispose of any of the property, securities or investments from time to time constituting the trust fund in any manner it may consider proper and at any price and terms it may consider desirable, and it shall not be bound to secure the consent or approval of any person, official, authority, tribunal or court.

(c) The Trustee may:

(i) vote all stocks and shares;

(ii) exercise all rights incidental to the ownership of stocks, shares, bonds or other securities and investments and property held as part of the trust fund, and issue proxies to others;

(iii) sell or exercise any subscription rights, and in connection with the exercise of subscription rights use the trust monies for the purpose;

(iv) consent to and join in any plan, reorganization, readjustment or amalgamation or consolidation with respect to any corporation whose stock, shares, bonds or other securities at any time form part of the trust fund, and authorize the sale of the undertaking or assets, or a substantial portion thereof, of any corporation;

(v) register any property in the name of its nominee or in its own name or hold it unregistered or in such form that title shall pass by delivery, but without thereby increasing or decreasing its liability as Trustee; and

(vi) generally act in respect of the trust fund as fully and effectually from time to time as if the same were not trust property but always for the benefit of the trust fund.

5. All stock dividends received by the Trustee in connection with any share of stock from time to time held by it shall be deemed to be and shall be dealt with as capital of the trust fund and the Trustee is authorized to retain any such stock dividends for such length of time as it considers advisable.

6. The Trustee shall render to the Settlor an annual statement of the income derived from the investments constituting the trust fund.

7. The annual remuneration of the Trustee shall be calculated upon the average market value of the trust fund from time to time held by the Trustee at the rate of .... (to be agreed between Trustee and Settlor).

The Trustee may deduct from the trust fund its remuneration as provided herein together with any costs and disbursements that may be properly incurred in the administration of the trust, and may charge the same to the capital or income of the trust fund, or in such proportion as it considers advisable from time to time, partly to capital and partly to income.

8. The Trustee shall not be held responsible for any loss or damage which may be occasioned by retaining investments in the form in which they shall be received by it into the trust fund or by reason of investments made by it in good faith in securities pursuant to the terms of this agreement.

9. It is expressly understood and agreed that, subject to paragraph 10, this trust shall remain in force while the Settlor is a Minister of the Government of Ontario. Upon ceasing to be a Minister of the Government of Ontario, the

Settlor may at any time and from time to time, alter, add to or rescind any or all of the terms of this agreement by instrument signed, acknowledged and delivered to the Trustee. No modification shall diminish the compensation of the Trustee or increase its obligations without its consent in writing.

10. The Settlor, may at any time during the term of this trust, appoint another trustee licensed under The Loan and Trust Corporations Act of Ontario in substitution of the existing Trustee, PROVIDED that no such appointment shall take effect until such time as the existing Trustee shall have provided a proper accounting of the assets in the trust to the successor trustee from the time of its designation as Trustee until the date of such new appointment. The existing Trustee shall execute all transfers and do all acts or things necessary for vesting the trust fund in the successor trustee.

11. It is hereby declared that the word "Trustee" wherever used throughout this agreement shall include the trustee originally appointed and any substitute appointed in accordance with the provisions of this agreement.

12. The Trustee hereby accepts the said trust on the terms and conditions herein set out.

IN WITNESS WHEREOF the Settlor has hereunto set his hand and seal and the Trustee has hereunto affixed its corporate seal attested by the hands of the proper officers in that behalf.

SIGNED, SEALED AND DELIVERED )

in the presence of )  
                            )  
                            )  
                            )  
                            )  
                            )

---

Authorized Signature

---

Authorized Signature

SUMMARY OF REAL PROPERTY OWNED IN ONTARIO

OTHER THAN FAMILY RESIDENCE AND RECREATIONAL PROPERTY

---

<u>LOT NO.</u>	<u>CONCESSION</u>	<u>PLAN NO.</u>	<u>TOWNSHIP</u>	<u>COUNTY</u>	<u>PERCENTAGE OF INTEREST AND OTHER PERTINENT INFORMATION</u>
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**SUMMARY OF REAL PROPERTY MORTGAGES HELD  
AND  
SHARE HOLDINGS IN PRIVATE CORPORATIONS, PARTNERSHIPS OR PROPRIETORSHIPS**

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**REAL PROPERTY MORTGAGES**

<u>*Mortgage held In Name of</u>	<u>Lot No.</u>	<u>Plan</u>	<u>Concession</u>	<u>Township</u>	<u>County</u>
--------------------------------------	--------------------	-------------	-------------------	-----------------	---------------

X

**SHARE HOLDINGS**

<u>Name of Company</u>	<u>Address</u>	<u>Private Corporation Partnership (Active or Inactive)</u>	<u>No. of shares Held</u>	<u>Voting or Non-voting</u>	<u>Controlling Interest (Yes or Not)</u>
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\* This information not to be released to public but should be indicated.

## **APPENDIX D(II)**

### **M I N I S T E R S**

#### **CONFLICT OF INTEREST**

#### **STATEMENT ON GUIDELINES**

#### **WITH RESPECT TO CONFLICT OF INTEREST - SEPTEMBER, 1985**

In defining these guidelines for the purpose of clarification, "family" should be taken to mean the spouse of the Minister and minor children, and the guidelines will apply to present Ministers of the Government and to those appointed in the future, and, further, any reference to "land" means specifically land in Ontario.

All members of Cabinet will make public disclosure of the following categories of properties owned by them, in whole or in part, or by their spouses, or their minor children, whether directly held by them, or indirectly through companies or nominees.

First, all land owned in Ontario except property occupied for their own private residential or recreational use, or for the use of their dependents; second, all share or debt interests in private companies and land; third, all partnerships or proprietorships in which they are principals.

During the time members the Cabinet hold office, they will be subject to the following obligations and restrictions:

Except for land acquired for their personal use for residential or recreational purposes, they and their families, will be prohibited from purchasing, directly or indirectly, land or interests in land of Ontario, or interests in land development carrying on business in Ontario. The acquisition of farm lands by a Minister, where he or she or his or her family intend to farm it is not ruled out, nor is the private company acquisition of land for normal business purposes, subject of course, to disclosure as referred to earlier in this statement.

No private company in which a Minister or his or her family have an interest may become contractually involved with the Government of Ontario unless the interest of the Minister or family has been placed in a "blind trust" set up in accordance with these guidelines. It shall be the responsibility of the Trustee to ensure that if any matter affecting that interest comes before the Ministry for which that Minister is responsible, officials in the Premier's office are advised so that a colleague of the Minister can be appointed to act for the Ministry concerned for purposes of dealing with the matter.

The rule against contracts with the government does not preclude Ministers from entering into any contract with the government which is provided for by legislation or regulation and which, by the terms of the legislation or regulation, is available evenhandedly to all members of the public (i.e. OHIP) or to a specific class of members of the public (i.e. crop insurance).

Third, while holding office, it will be the responsibility of the individual Minister to ensure that whenever a matter involving a personal beneficial interest comes before the ministry for which the Minister is responsible, being a matter involving the discretion of the Government, the Minister will request that a colleague be officially appointed to act for the ministry concerned for the purposes of dealing with that matter.

Fourth, while holding office, Ministers will abstain from day to day participation in any businesses or professional activity.

Fifth, Ministers will disclose any change in their holdings of any types of property originally disclosed by them.

With respect to share interests in public corporations, Ministers and their families will be required to divest themselves of such holdings, or, as an alternative, to place all such holdings in the hands of a trustee, provided, in the latter case, that certain conditions are met.

The most important of these conditions is that the trust must provide that, apart from withdrawing funds from the trust or placing additional funds in it, Ministers will exercise no control whatsoever over the investment decisions or management of the trust. All such matters must be left to the discretion of the trustee. However, in some cases, like the case of a closely held family company, the nature of the trust property may be such that the trustee will simply hold the asset or assets, rather than dispose of them or otherwise invest them; a Minister may under these guidelines create this type of "frozen" blind trust.

Further, the trustee must be licensed under the Loan and Trust Corporations Act of Ontario.

If a Minister has such a trust presently in existence, and should it be continued, the conditions shall be changed to conform to these guidelines.

Members of the Government will be given reasonable time to comply with these guidelines. Their land holdings will be made available for disclosure within a few days and the disclosure of other holdings, where applicable, will be made within a month.

A Minister desiring to set a trust, should have established the trust and disclosed its management provision by the end of the year.

All disclosures required of Ministers will be filed with the Clerk of the Legislative Assembly where they will be available for public examination.

These guidelines are not exhaustive, nor could they, in reality, embrace all possible situations representing or suggesting a conflict of interest.



## **APPENDIX E**

- E(I)      Legal Opinion of Ms. Merike Madisso with respect to Breaches of the Legislative Assembly Act.
- E(II)     Legal Opinion of Mr. Blenus Wright with respect to Breaches of the Legislative Assembly Act.





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245/86-87

September 11, 1986

MEMORANDUM TO: Members of the Standing Committee on the  
Legislative Assembly

FROM: Merike Madioso, LL.B.  
Research Officer  
Legislative Research Service

RE: Sections 10 and 11 of the Legislative Assembly Act

You have asked me to give an opinion as to whether or not Mr. Rene Fontaine, the former Minister of Northern Development and Mines, is, on the basis of facts brought before the House and the Standing Committee, in breach of ss. 10 and 11 of the Legislative Assembly Act. (Please see attached.)

Allegations of such breaches have been made with regard to three transactions: first, the proposed forest management agreement between Hearst Forest Management Inc., in which Mr. Fontaine has an interest and, the Ministry of Natural Resources; although this agreement has not been executed, I understand the Committee wishes to know what consequences would follow if it were. Secondly, timber cutting licences issued under the Crown Timber Act to United Sawmill Limited, in which Mr. Fontaine has an interest. And, thirdly, tax credits or grants made under the Ontario Mineral Exploration Program Act to Golden Tiger Mining Exploration Company Ltd., in which Mr. Fontaine has an interest. I shall deal with these assets individually:

1. Hearst Forest Management Inc. is half owned by United Sawmill Limited, of which Mr. Fontaine, according to his trust deed of December 23, 1985 and his January, 1986 disclosure statement to the Clerk of the House, owns one-third. Since 1983 Hearst Forest Management Inc. has been in negotiation with the Ministry of Natural Resources regarding the signing of a forest management agreement between that company and the Ministry. That agreement has yet to be executed.

According to s. 10 of the Act, "no person holding or enjoying, undertaking or executing, directly or indirectly, . . . by himself or by the interposition of a trustee or third person . . . any contract or agreement with . . . any ministry . . . under which any public money of Ontario is to be paid for any service, work, matter or thing, is eligible as a member of the Assembly or shall sit or vote therein." Since the section provides that the contract or agreement cannot be entered into "directly or indirectly . . . by himself or by the interposition of a trustee or third person", the fact that United Sawmill is only one shareholder in Hearst Forest Management Inc. and the fact that United Sawmill is now in a blind trust do not appear to assist Mr. Fontaine.

Section 11 sets out exceptions to section 10. Section 11(1)(b) states as follows:

11.(1) No person is ineligible as a member of the Assembly,

(b) by reason of his being a shareholder or stockholder in an incorporated company having any such contract or agreement unless such contract or agreement is for the building of a public work of Ontario and such building or work has not been let by tender to the lowest bidder;

This exception appears to be broad, for the extent of the shareholder interest is not prescribed. If the Legislature had wished to stipulate that only certain shareholders (e.g. those having less than the one-sixth interest Mr. Fontaine currently has in Hearst Forest Management Inc.) were excepted, it could have so stated. Moreover, there is relevant case law in Re Grenville Provincial Election, 48 O.L.R. 289. The facts of the case were that the respondent, the successful candidate at the provincial election of October, 1919, was almost sole owner of an incorporated company which received government money for the production of election materials. The respondent owned all but a few qualifying shares for directors. Citing Solomon v. Solomon and Co., the Supreme Court of Ontario held that "the company is a legal entity separate from its shareholders" and that the respondent was protected by the equivalent of s. 11 (1)(b). Only if it could be proven that the company was "merely an alias for the respondent or merely his agent" would the respondent be in breach of the Act.

Finally, s. 11(1)(b) provides an exception to the exception by stating that "No person is ineligible as a member of the Assembly . . . by reason of his being a shareholder . . . in an incorporated company . . . unless such contract or agreement is for the building of a public work of Ontario, and such building or work has not been let by tender to the lowest bidder." Thus, if it could be argued that the forest management agreement is an "agreement . . . for the building of a public work of Ontario and such building or work has not been let by tender to the lowest bidder," the forest management agreement would fall under s. 10 of the Act. However, despite the fact that the

FMA does provide for the building of roads with public money, it is my opinion that this provision does not make the agreement one whose purpose is the building of a public work. That is, the forest management agreement is not an agreement "for" the building of a public work of Ontario. This position is supported by section 6 of the Crown Timber Act, which authorizes FMA's:

6.(1) Subject to the approval of the Lieutenant Governor in Council, the Minister may enter into an agreement with any persons for the management of Crown timber on a sustained yield basis and for carrying out all operations necessary for such management. [emphasis added]

It is further supported by the preamble to the draft agreement itself:

Whereas the Minister and Company desire to enter into a Forest Management Agreement under the Crown Timber Act in order to provide for a continuous supply of forest products from the lands designated in Schedule "A" to this agreement for all existing wood processing plants, operated in the vicinity of Hearst and Calstock, by current Crown licensees, namely . . . and to ensure that the forests on such lands are harvested and regenerated to produce successive crops of timber on a sustained yield basis; [emphasis added]

2. United Sawmill Company Limited (of which, according to his testimony, Mr. Fontaine owns 33% of the shares) has been issued several licences by the Ministry of Natural Resources under the Crown Timber Act. It is my opinion that these particular agreements fall under s. 11(1)(b) for the reasons stated above – viz., that, the legislation does not limit the extent of the interest that the shareholder may have in the contracting corporation and secondly, that the Grenville case supports this position. Moreover, as regards timber licences, section 11(1)(f) provides a further exception:

11 (1) No person is ineligible as a member of the Assembly, –

(f) by reason of his holding a licence, permit or permission for cutting timber, or being interested in any such licence, permit or permission, directly or indirectly, alone or with another, by himself or by the interposition of a trustee or third person, or by reason of there being money due or payable to Her Majesty in respect of timber cut, but no such person shall vote on any question affecting such licence, permit or permission or in which he is interested by reason thereof;

The subsection does not provide a complete exception, for the licensee is not allowed to "vote on any question affecting such licence . . . or in which he is interested by reason thereof." However, improper voting has not been an issue before the Committee; in any case, improper voting does not make a person ineligible to be a member of the Assembly.

3. Finally, there is the matter of tax credits and/or grants available to Golden Tiger Mining Exploration Limited under the Ontario Mineral Exploration Program. Mr. Fontaine has testified that he currently owns 17, 176 shares of Golden Tiger, these shares being held in escrow by Guaranty Trust. Golden Tiger applied on three occasions to the Ministry of Natural Resources for program designation. Two of these applications have been put "on hold" because of the current Committee hearings.

It is my opinion that the Golden Tiger situation is analogous to the situation with the FMA. Mr. Fontaine falls under the exception provided by s. 11(1)(b) of the Act because he is a shareholder in an incorporated company. Secondly, the fulfilling of statutory requirements in order to obtain a tax credit or grant under OMEP does not, in my opinion, constitute an "agreement for the building of a public work of Ontario."



Merike Madisso

MM:at

(2) Nothing in this section renders ineligible as aforesaid or disqualifies from sitting and voting in the Assembly when not otherwise disqualified,

- (a) a member of the Executive Council or a Parliamentary Assistant;
- (b) an officer or other member of the regular force or reserve force of the Canadian Forces;
- (c) a justice of the peace, coroner, notary public or public school supervisory officer;
- (d) any person holding any temporary employment in the service of the Government of Canada requiring special qualifications or professional skill, or a commissioner appointed under the *Inquiries Act* (Canada);
- (e) a member of any commission, board, committee or other body holding office at the nomination of the Lieutenant Governor in Council, but this clause does not apply to members of the Ontario Labour Relations Board, The Liquor Licence Board of Ontario, the Ontario Municipal Board, the Workmen's Compensation Board, the Ontario Securities Commission, The Milk Commission of Ontario, the Civil Service Commission, or the Board of Parole.

R.S.O. 1980, c. 235, s. 8.

R.S.C. 1970,  
c. I-13

**9.**—(1) Subject to subsection (2), a member of the Assembly is not eligible to hold office as a member of the council of a municipality, including a district, metropolitan or regional municipality, or as a member of a local board, as defined in the *Municipal Affairs Act*, of such a municipality.

Member of  
Assembly not  
eligible to  
hold  
municipal  
office  
R.S.O. 1980,  
c. 303

(2) Every person who is elected a member of the Assembly while holding an office referred to in subsection (1) may continue to hold such office, notwithstanding any other Act, until the end of the day on which the return of the election of such person to the Assembly is published in *The Ontario Gazette* under section 130 of the *Election Act*, at which time he shall be deemed to have resigned such office. R.S.O. 1980, c. 235, s. 9.

Member  
deemed to  
have resigned  
municipal  
office when  
election to  
Assembly  
published  
R.S.O. 1980,  
c. 133

**10.** Except as authorized by resolution of the Assembly, no person holding or enjoying, undertaking or executing, directly or indirectly, alone or with another, by himself or by the interposition of a trustee or third person, any contract or agreement with Her Majesty, or with any public officer or

Disqualifi-  
cation of  
public  
contractors

ministry, with respect to the public service of Ontario, or under which any public money of Ontario is to be paid for any service, work, matter or thing, is eligible as a member of the Assembly or shall sit or vote therein. R.S.O. 1980, c. 235, s. 10.

## Exceptions:

**11.**—(1) No person is ineligible as a member of the Assembly,

trustees for estates of contractors

(a) by reason of his being interested as an executor, administrator or trustee only, having otherwise no beneficial interest in any such contract or agreement;

shareholders in contracting companies

(b) by reason of his being a shareholder or stockholder in an incorporated company having any such contract or agreement, unless such contract or agreement is for the building of a public work of Ontario, and such building or work has not been let by tender to the lowest bidder;

lenders of money to Government

(c) by reason of his being a contractor for the loan of money or for securities for the payment of money to the Government of Ontario under the authority of the Legislature after public competition or respecting the purchase or payment of the public stock or debentures of Ontario on terms common to all persons;

holders of mining licences, etc.

(d) by reason of his being the holder of a mining licence or having a contract or agreement with Her Majesty or with any public officer or ministry with respect to the same or to mines or mining rights, but no such person shall vote on any question affecting such licence, contract or agreement or in which he is interested by reason thereof;

owners and persons interested in certain newspapers

(e) by reason of his being proprietor of or otherwise interested in a newspaper or other periodical publication in which official advertisements are inserted which appear in other newspapers or publications in Ontario, or which is subscribed for by the Government of Ontario, or any ministry thereof, or by any of the public institutions of Ontario, unless such advertisements or subscriptions are paid for out of the public moneys of Ontario at rates greater than usual rates;

timber licensees

(f) by reason of his holding a licence, permit or permission for cutting timber, or being interested in any

such licence, permit or permission, directly or indirectly, alone or with another, by himself or by the interposition of a trustee or third person, or by reason of there being money due or payable to Her Majesty in respect of timber cut, but no such person shall vote on any question affecting such licence, permit or permission or in which he is interested by reason thereof;

- (g) by reason of his being the holder of a fishery licence, or having a contract or agreement with Her Majesty or with any public officer or ministry with respect to the same or to fisheries or fishing rights, but no such person shall vote on any question affecting such licence, contract or agreement or in which he is interested by reason thereof; fishery licensees
- (h) by reason of his being a surety or contractor or liable for the payment of money for or on account of the maintenance or tuition of an inmate or pupil of any Government institution; certain sureties or obligors
- (i) by reason of his being a postmaster elsewhere than in a city, town or incorporated village, or interested in a contract for carrying the mail between two or more post offices neither of which is in a city, town or incorporated village or of his being the surety of any such postmaster or contractor; certain postmasters and mail carriers
- (j) by reason of his receiving or having received or agreed to receive compensation with respect to any property taken or purchased by the Crown or by any ministry or commission of the Government of Ontario or with respect to any interest in such property where the amount of such compensation has been fixed by an award made under the *Ministry of Government Services Act* or any other general or special Act of the Legislature, or has been agreed upon and the judge of the county or district in which the property is situate has certified in writing that the amount of compensation is fair and reasonable, but no such person shall vote on any question arising in the Assembly touching such matter; receipt of compensation for land not to disqualify  
R.S.O. 1980.  
c. 279
- (k) by reason of his being a surety for a public officer or Ontario land surveyor or other person required by law to furnish security to the Crown; sureties of public officers

burial of  
indigents

(l) by reason of having received payment from the Crown for the burial of indigents who were resident in territory without municipal organization;

pensions  
R.S.O. 1980,  
cc. 236, 418,  
419, 494

(m) by reason of his being entitled to or in receipt of any money under the *Legislative Assembly Retirement Allowances Act*, the *Public Service Act*, the *Public Service Superannuation Act* or the *Teachers' Superannuation Act* or under any other Act of the Legislature or the Parliament of Canada that provides a pension, annuity, allowance or other similar payment that is made up in whole or in part of public money;

benefits  
common to  
others

(n) by reason of his being entitled to receive on terms common to all persons similarly entitled and of his receiving or agreeing to receive in accordance with such entitlement any service or commodity or any refund, rebate, subsidy, loan or any other such benefit or payment that is authorized under any Act.

Duty of  
sureties who  
have been  
elected

(2) A person elected a member of the Assembly who is at the time of his election a surety as aforesaid shall, before he sits or votes therein, take and complete such action as may be requisite to relieve him from any thereafter accruing liability in respect of his suretyship, and no person who is liable as such surety in respect of any accruing matter shall sit or vote in the Assembly. R.S.O. 1980, c. 235, s. 11.

When  
disqualifi-  
cation to  
become  
operative

**12.** No disqualification under section 8 or 10 on any ground arising before the election shall be held by any court to affect the seat of a member of the Assembly or to disentitle any person to sit or vote therein until the disqualification has been duly found and declared by an election court, but this is not to be construed as affecting the cases provided for by subsection 11 (2), nor as affecting the right of the Assembly to expel a member according to the practice of Parliament or otherwise. R.S.O. 1980, c. 235, s. 12.

Effect of  
election of  
disqualified  
person

**13.** If a person who is disqualified or ineligible or incapable of being elected a member of the Assembly is nevertheless elected and returned, his election and return is void. R.S.O. 1980, c. 235, s. 13.

Member not  
disqualified  
on  
appointment  
to Executive  
Council, etc.

**14.** Notwithstanding anything in any Act, where a member of the Assembly is appointed a member of the Executive Council or a Parliamentary Assistant, he shall not, by reason of the acceptance of such appointment, vacate his seat or be disqualified from sitting or voting in the Assembly. R.S.O. 1980, c. 235, s. 14.



SEP 19 1986

Ministry of  
the Attorney  
General

Ministère  
du Procureur  
général

Office of the  
Assistant Deputy  
Attorney General  
(Civil Law Division)

Bureau du  
Sous-procureur  
général adjoint  
(Division du droit civil)

EXHIBIT No. 2/057

SEP 19 1986

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DELIVERED

September 19, 1986

Mr. M. J. Breaugh  
M.P.P. - Oshawa  
Chairman  
Standing Committee on the  
Legislative Assembly  
Room 110, Legislative Buildings  
Queen's Park  
TORONTO, Ontario  
M7A 1A2.

Dear Mr. Chairman:

I am responding to the Committee's "invitation" to comment further on my opinion with respect to sections 10 and 11 of the Legislative Assembly Act.

I have reviewed the memorandum prepared by Merike Madisso dated September 11, 1968. I am in agreement with the opinions expressed in that memorandum. In my evidence before the Committee at page M-18 of the morning sitting of August 14th, I expressed the view that the answer to an interpretation, other than a shareholder of a corporation is exempt, would be that if the Legislature intended another interpretation, it should have made the words more specific.

In my testimony before the Committee, I did offer another interpretation expressed in terms of the advice that I have provided in the past. At page M-10 of my August 14th testimony, I stated:

"I have always interpreted that provision that surely it never meant that if you were a majority shareholder you could contract with the government with no problem, but clearly that is what the specific language of the section says. I have always provided advice that it meant that if you had only a few shares in a corporation, you were exempt but if you were a major shareholder, you would not be exempt."

My advice was based on a concern that the public would not understand that, for example, a Member who owned a business as a sole proprietor would be prohibited from contracting with the government, but if he incorporated he was only a shareholder and, therefore, the exemption provision would permit the Member's corporation to contract with the government. My advice in the past has been that a Member who is a shareholder in a corporation is exempt from the provisions of section 10 but that there could be an appearance of a conflict of interest especially if the Member was a majority shareholder and the Member should take into consideration the question of an appearance of a conflict of interest.

I trust that the above will clarify my position on the interpretation of sections 10 and 11 and be of assistance to the Committee.

Yours very truly,



Blenus Wright,  
Assistant Deputy  
Attorney General.

BW:cs

## APPENDIX F

### STATEMENT BY MR. FONTAINE BEFORE THE STANDING COMMITTEE ON THE LEGISLATIVE ASSEMBLY

Mr. Chairman, Members of the Committee:

I am very grateful to the Committee for giving me the opportunity to reappear today.

The last three months have been for me and the members of my family the hardest, most painful that we have ever lived through. At times, I have felt vindictive and very angry. I could not understand why some of my colleagues were attacking me relentlessly apparently without mercy. I knew that I had done nothing wrong: I had committed no dishonest act; I had not acted for my own benefit. I had not deliberately tried to hide anything from anyone. My sole purpose, from the day I was elected an M.P.P., was to serve the people of my riding, and in my capacity as Minister of Northern Development and Mines, to serve the people of this Province. Having spent much of my life helping other people, and having been actively involved in various charitable causes, I regarded it as a high honour and great opportunity to have a chance to serve and help a whole Province. I think it is obvious to anyone here that I did not gain financially from being in office. On the contrary, it is clear that I would have done a lot better had I stayed out of politics.

The conviction that I had not acted improperly in the sense of having acted for personal gain made it difficult for me at first to understand the concerns that many of the members of this Committee were expressing. And I think the fact that some of the attacks on my character and integrity may have been a bit unfair made it even more difficult in the beginning to see things from these members' point of view.

However, having had the time over the course of this summer to stand back and reflect on this entire situation, I have come to understand and see why it was so important, not only that I act honestly, but that all the appearances

surrounding my actions also lead to that conclusion. As I explained on a previous occasion, my life up to the time I became a member of this Assembly had largely been spent in a very small community where everyone knew everybody else and I, in particular, was well known. In that context, appearances did not much matter. Appearances did not matter in my religion either. In fact, my religious beliefs taught me to be very suspicious of appearances. I don't think that it is right to judge a person by the colour of his skin, or by the look of his clothes or by the way that he speaks. So I thought that if it was wrong for me to judge others by appearances, it was equally wrong that I be judged on the basis of appearances.

What I did not fully appreciate then was that being an elected official, and a Minister in a Province of some eight and one-half million people, necessarily means that I am involved in the management of the assets and indeed lives of a great many people who do not know me personally. In that context, I cannot count on each citizen's personal knowledge of me to retain his trust in me and to preserve his trust in our political system, which is absolutely essential to the survival of our democratic society and institutions. The electorate, the population of Ontario, only have appearances to go by when they judge me or the conduct of any other political official. It cannot be otherwise.

In an ideal world, perhaps everyone would know the truth about everyone else. But, obviously, we have a very imperfect world and the best that we can do is to judge on the basis of appearances.

In that light, I understand very well now why my colleagues and indeed the public in general would be concerned by the fact that I held shares in Golden Tiger while being Mines Minister, and that I had some dealings with an official of the Ministry of Natural Resources over the FMA which could reasonably be seen as an attempt to influence the process for my own financial benefit. In neither case do I think there was an actual conflict of interest since none of my public acts were in any way influenced by my financial holdings. Still, especially with regard to the FMA, I should not have put myself or allowed others to put me in that position. I was merely trying to achieve for everyone in the Hearst

something which everyone in this room will agree has to be achieved. My motives were honourable but I see now that my actions could have been interpreted differently by some.

So, I understand how some of my colleagues in this Committee may have criticized me and used some language which was perhaps inappropriate in view of the true facts. But in the heat of battle, and when you are under pressure, you do not always say exactly what you intend to say. That is why I really hold no grudge against Mr. Sterling who used some words or may have allowed others to use words on his behalf which he now regrets and for which he has apologized. He apologized and I believe him without reservation when he says that he has gone through considerable anguish as a result of the language attributed to him in the PC press release. I know what it means to be put in situations which you had not intended, to realize after the fact that something you did or somehow allowed to be done was not appropriate. There may be nothing more difficult in life than having to live with the consequences of actions whose implications you did not realize at the time.

Before concluding, I know that some members of this Committee have expressed concern over what they perceive as certain discrepancies between my testimony and that of others that have appeared before the Committee. To a certain extent, whether there is an inconsistency is also a matter of opinion. Still I can see myself that in certain areas I did not, under the pressure of cross-examination, always give the clearest of answers. I shall leave it to the members of the Committee to raise any concern with me on that subject and I will do my very best to give them an explanation. But before we begin, I can assure this Committee, upon my word of honour, and my oath as a member of this Assembly, that I have never, either before this Committee, or in the Legislative Assembly or anywhere else for that matter, deliberately said anything intended to mislead any member of this Committee or the public.





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